

MARKET POTENTIAL FOR A PROPOSED RACINO IN CALAIS, MAINE

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Executive Summary:

The purpose of this study is to examine the market potential for the proposed racino in Calais, Maine. This involves an analysis, based on information from other states, of the total market potential for slot machines in Maine. Hospitality sales figures for areas located within a two and one-half hour (driving time) distance from Calais are then used to estimate the amount of statewide market potential that could be captured by the proposed facility in Calais. Empirical results suggest that the proposed racino could generate an estimated \$11.9 million to \$13.0 million per year in slot machine revenues. Some of this is new money to the region, and the rest is money that would have been spent in the region on other goods and services. These results are intended to be one piece of information, considered along with other economic and non-economic issues, used to inform the debate about the expansion of slot machine gaming in Maine.

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1. INTRODUCTION

On November 6, 2007, Maine residents will vote on a statewide citizen initiative that would allow the Passamaquoddy Tribe to develop a “racino” facility in Washington County, Maine.¹ Although the referendum would approve up to 1,500 slot machines, the current plans are to operate a 500-slot machine facility in Calais, a town located on the border between Maine and New Brunswick, Canada.² If the referendum passes, the racino would be the second such facility in Maine. Hollywood Slots, located in Bangor, opened a temporary 475-slot machine facility in November of 2005. Construction has begun on a permanent Hollywood Slots racino that will include larger gaming areas (and more slot machines) along with a hotel and dining facilities.

The purpose of this study is to examine the “market potential” for a gaming facility located in Calais. Here, market potential refers to the amount of slot machine revenue that could be generated annually under the assumptions discussed in the report. Our general approach is to start with an analysis, based on national averages, of the statewide market potential for slot machines. With this information in hand, the next step is to estimate the percentage of statewide gaming activity that could be captured by a facility located in Calais. To do this, we assume that gaming facilities in Maine could attract state residents and visitors located within a two and one-half hour (driving time) market area.³ Finally, given its unique location in a “border town”, we estimate the amount of revenue that the proposed racino could capture from residents of Charlotte County, New Brunswick, located across the Canadian border from Calais.

Before proceeding with the analysis, we discuss a few issues that should be kept in mind when interpreting the study findings. First, the report does not take a position on whether gaming is “good” or “bad” for the state of Maine. It simply estimates how much slot machine revenue the state could support, based on national averages, and then estimates the amount of this revenue that might be spent in Calais. There are many other economic and non-economic issues that must be considered to determine whether an expansion of gaming is “bad” or “good” for the state.

Second, the analysis does not show, one way or the other, whether the revenue generated by the proposed facility is “new money” to the region, or whether it is money that would have been spent in the region on other goods and services. The facility’s ability to attract

¹ Racino is a term commonly used to describe a gambling facility with a race track and slot machines. The statewide citizen initiative is titled “An Act to Authorize a Tribal Commercial Track and Slot Machines in Washington County.”

² The citizen initiative would increase the total number of slot machines allowed in the state to 3,000, with a maximum of 1,500 at any one facility. The fiscal note that accompanies the citizen initiative bases its revenue projections on 500 slot machines in operation as of April 2009.

³ These visitors include tourists from outside the region who are staying at places within the two and one-half hour market area.

tourists and local “visitors” from Canada would determine the extent to which the racino could bring new money into the region.

Third, our projections of the total market potential for slot machines in Maine rely on data from other states. An estimate based on “Maine data” would require a survey of state residents and visitors, which is beyond the scope of this analysis. Given this limitation in data availability, we provide two estimates of statewide market potential using two distinct approaches. This provides a range of gaming revenue estimates for the state.

Fourth, we assume that casinos in Maine attract residents and out-of-state tourists primarily from a two and one-half hour market area.⁴ Within this area, we assume that residents and visitors typically gamble at the closest casino. For a place in Maine that is located within two and one-half hours of Calais but more than that distance from Bangor (i.e., Hollywood Slots), we assume that residents and tourists visiting the area would gamble at the proposed facility in Calais. For an area that is located within two and one-half hours of Calais and Bangor, we assume that the gaming activity originating from the area would be proportional to its relative distance from the two casinos.

Fifth, our estimates do not explicitly account for the heavy volume of passenger and commercial traffic that uses the Calais – St. Stephen border crossing.⁵ Travelers who cross the border and purchase food or lodging within the two and one-half hour market area in Maine are captured in the analysis. Likewise, we account for the potential expenditures on slot machines made by residents of Charlotte County, New Brunswick, located directly across the border. However, the methodology does not incorporate the potential spending of travelers (from outside of Charlotte County) who cross the border but do not (currently) purchase hospitality services within the defined market area. Economic activity generated by the proposed racino could lead to an increase in local hospitality infrastructure (i.e., new and expanded businesses), which might attract additional travelers who use the Calais- St. Stephen crossing.

Finally, the analysis presented in this report is based on the assumption that, aside from Hollywood Slots, there are no other “competitors” offering slot machines within the market served by the proposed facility in Calais. If another casino opens near Calais, it would likely capture some portion of the gambling dollars that we estimate would be spent at the proposed racino facility.⁶

⁴ A survey of New England residents conducted by the Center for Policy Analysis, University of Massachusetts – Dartmouth, found that 64.4 percent of Hollywood Slot’s patrons traveled more than 60 minutes and 35 percent came from more than two hours away to visit the racino.

⁵ 2000 U.S. Department of Transportation statistics show that Calais is the 5th busiest U.S. – Canada border crossing in terms of personal vehicle crossings per day.

⁶ The casino gaming industry is growing nationally and in New England. For example, the Governor of Massachusetts recently proposed to license three new resort-style casinos in the state (Maguire 2007).

2. POTENTIAL FOR SLOT MACHINE GAMING IN MAINE

The first part of the empirical analysis seeks to estimate the total amount of slot machine revenue that could be supported by Maine adults and visitors to the state. Table 1 provides a list of states with slot machines, based on information from the American Gaming Association. We see that 37 states currently have slot machines or similar devices. Table 2 shows the number of slot machines per 1,000 residents in 31 states, as well as a weighted average based on 30 of the states. Nevada is excluded from the average calculations because of Las Vegas' extraordinary nature as the "gaming capital" of the United States and the large number of worldwide visitors that it attracts.

Based on data from these 30 states, we calculate a weighted average of 4.1 slot machines per 1,000 adult residents. This does not mean that 243 adults living in a state provide the gaming revenue necessary to support a single slot machine.⁷ Rather, it suggests that adult residents and visitors to the state support gaming activity consistent with an average of 4.1 slots per 1,000 residents. With an estimated adult population of 958,141 residents in 2006, Maine could support a total of 3,928 slot machines. This amount that Maine could, but does not currently, support would rank Maine 28th out of the 32 states considered.⁸

The next step toward estimating the state's total market potential for slot machines is to determine the amount of revenue generated by a typical slot machine. Table 3 shows slot machine counts and revenue for 17 states. This information comes from a variety of sources including the American Gaming Association and state gaming control agencies. For some states, we have complete information for all of the slot machines in operation. For other states, the revenue information is for a portion of the total slot machines corresponding with the counts shown in the table. The sample of states for which we have data is not randomly selected nor is it necessarily representative of gaming activity across the United States. We simply included states for which information was available either from state gaming control boards or from the American Gaming Association.⁹

With these limitations in mind, we calculated a weighted average of the revenue generated by the 211,452 machines for which we have data. In addition, we calculated a second weighted average that does not include information from Illinois, Connecticut, South Dakota and Montana – states with considerably higher or lower revenue generated per slot machine. We do this to reduce the influence of these "extreme cases" on our estimates. The two estimates of \$74,641 and \$71,554 provide a range of the amount of revenue that could be generated per slot machine in Maine. It is interesting to note that this range is lower than the actual revenue per slot machine (\$78,983) at Hollywood Slots during 2006.¹⁰ Based on the national average of 4.1 slot machines per 1,000 residents

⁷ This is found by dividing 1,000 adult residents by the average of 4.1 slot machines.

⁸ The total of 32 states includes Maine as well as the 31 states listed in Table 2.

⁹ For some states, we could not use gaming revenue information because it included revenue generated by table games as well as slot machines.

¹⁰ This average, which appears to be increasing based on data for the first six months of 2007, may change when Hollywood Slots expands its gaming operations in 2008

and average slot machine revenues of \$71,554 per machine, the low end of our range, we estimate a total statewide market potential for slot machines of \$281.1 million (see Table 5).

Another distinct approach to estimating the market potential for slot machines in Maine utilizes information on the number of visits to casinos (made by state residents and out-of-state visitors) and the amount wagered per visit. First, we estimate that Maine (adult) residents could account for 1.6 million visits to casinos per year. To arrive at this figure, we use 2006 American Gaming Association statistics that show 26 percent of U.S. adults visit a casino and, for those who visit, they go an average of 6.6 times per year. Second, we estimate that out-of-state tourists could contribute an additional 2.0 million visits to Maine casinos. This figure is based on the 2005 Longwoods Travel and Tourism Study, which counts 15.3 million out-of-state visitors to Maine and shows that 13 percent of U.S. overnight travelers visit a casino during a trip.¹¹

Second, we estimate the amount of money that the typical casino visitor spends on slot machine gaming. Table 4 shows slot machine revenue and visitor counts for 39 casinos located in four states, and the combined slot machine activity in Illinois. Based on this small sample of casinos, we estimate that the typical visitor wagers \$69.27 on slot machine gaming. This spending figure, combined with the number of casino visits made by Maine residents and out-of-state tourists, results in a second estimate of the statewide market potential for slot machines of \$251.6 million (see Table 5).

3. ESTIMATED STATEWIDE MARKET POTENTIAL CAPTURED BY PROPOSED CALAIS RACINO

With these estimates of the total statewide potential for slot machine gaming in hand, the next major step of the analysis is to estimate the proportion of the \$251.6 million to \$281.1 million that could be captured by the proposed racino in Calais. To do this, we consider the distance (measured in driving time) between Calais and other areas of the state, as well as the size of the hospitality industries in these markets. Hospitality sales, defined as restaurant and hotel sales, are a good indicator of the local population size and the number of visitors to an area. Thus, we assume that gaming revenues originating from Economic Summary Areas in Maine are proportional to hospitality sales.¹² For example, an Economic Summary Area that accounts for five percent of total statewide hospitality sales would contribute \$12.6 million to \$14.1 million of the statewide potential slot machine revenues.

¹¹ The 2005 Longwoods study is based on surveys regarding the 2004 travel year. Study results show an estimated 43.6 million total day and overnight trips in Maine, with nonresidents accounting for an estimated 15.3 million trips. Longwoods' proportion of tourists who visit casinos is based on overnight visitors. We apply this figure to day and overnight trips made by nonresidents.

¹² Economic Summary Areas are a regional definition used by Maine Revenue Services to report retail sales data. The state is separated into 44 Economic Summary Areas that make up 8 larger Economic Summary Districts

Table 6 shows the 12 Maine Economic Summary Areas that are located within a two and one-half hour drive of Calais.¹³ Hospitality sales for each Economic Summary Area are apportioned to Calais and Bangor (i.e., Hollywood Slots) based on the relative driving times to each place. For the Eastport Economic Summary Area, located more than two and one-half hours from Bangor, we assume that local residents and visitors would gamble exclusively at the proposed facility in Calais. For places that fall within two and one-half hours of both locations, the relative distances are used to apportion the estimated gaming revenues originating from the Economic Summary Areas. Using these calculations, we estimate that 3.76 percent of the total hospitality sales in Maine occur within areas that would support the proposed racino in Calais. Applying this percentage to the statewide potential for slot machine gaming, we estimate that Maine adult residents and visitors to the state would spend between \$9.5 million and \$10.6 million at the proposed slot machine facility in Calais.

4. ESTIMATED RACINO SPENDING BY RESIDENTS OF CHARLOTTE COUNTY, NEW BRUNSWICK

Calais' unique geographic location as a border town suggests that the proposed slot machine facility would attract patrons from parts of New Brunswick, Canada. The town's website (www.calaismaine.govoffice.com) suggests that Calais is a key shopping center for parts of Washington County, Maine, and Charlotte County, New Brunswick. Although the estimate of \$9.5 million to \$10.6 million in potential slot machine revenue implicitly captures the spending of tourists to the state, it does not explicitly account for the spending of "locals" who live across the border in New Brunswick.

To estimate the additional slot machine revenue associated with the Canadian side of the Calais – St. Stephen's region, we assume that the gaming habits of Charlotte County residents are similar to Americans captured in the American Gaming Association's 2006 survey. As before, we use the survey findings that suggest 26 percent of adults visit a casino and those who visit tend to go 6.6 times per year. Applying this information to the estimated adult population of Charlotte County, New Brunswick, we estimate that local visitors from this area would make 35,264 visits to the proposed casino in Calais. If each person spent \$69.27 per visit, the average based on casinos in selected U.S. states, the proposed Calais racino would receive \$2.4 million in slot machine revenue from the nearby Canadian market (see Table 7). This estimate, added to the potential spending of Maine adults and visitors to the state, suggests that the proposed racino in Calais could generate an estimated \$11.9 million to \$13.0 million per year in slot machine revenues.

¹³ This excludes the Bangor and Bangor Suburban Economic Summary Areas, which are located approximately two hours from Calais. We assume that local residents and visitors to the Bangor area would patronize Hollywood Slots.

5. SUMMARY

Using slot machine gaming information for other states and hospitality sales data from Maine Revenue Services, this study examined the market potential for a proposed racino in Calais, Maine. First, we estimated a total statewide market potential for slot machines ranging from \$251.6 million to \$281.1 million. Based on these amounts, we estimate that the proposed Calais racino facility would likely capture between \$9.5 million and \$10.6 million, or 3.8 percent, of the total statewide potential. The proposed racino's inability to attract a larger share of the statewide potential is due to the relatively low levels of economic and visitor activity in the two and one-half hour market area surrounding Calais. However, residents of Charlotte County, New Brunswick, located across the Canadian border from Calais, could generate an estimated \$2.44 million in additional slot machine revenue. The combined spending of Maine residents, out-of-state visitors, and Charlotte County (New Brunswick) residents could generate an estimated \$11.9 million to \$13.0 million in annual slot machine revenue.

We utilize information from several outside sources to put these slot machine revenue estimates into perspective. First, the state fiscal note that accompanies the citizen initiative reports a slot machine revenue estimate of \$14.1 million for FY2008-09.¹⁴ The state's revenue figure falls outside (and above) our estimate, but it is remarkably close given the complexities associated with this type of market potential analysis.¹⁵

Second, the amount of slot machine revenue generated by the proposed facility (\$11.9 million to \$13.0 million) would likely exceed the total hospitality sales (\$9.2 million in 2006) at restaurants and lodging establishments located in the Calais Economic Summary Area.¹⁶ By comparison, slot machine revenue generated at Hollywood Slots in 2006 is equivalent to 18.2 percent of total hospitality sales in the Bangor Economic Summary Area. Thus, the relative impact of the proposed racino in Calais would be considerably larger than the impact of Hollywood Slots on Bangor.¹⁷

Third, the amount of slot machine revenue generated by the proposed racino (\$11.9 million to \$13.0 million) would make it larger than at least 40 percent of the U.S. Tribal casinos in operation as of 2005. Information from the National Indian Gaming Commission shows that 22.3 percent of tribal casinos generated less than \$3 million, 17.4 percent of casino operations made between \$3 million and \$10 million, and another 19.2

¹⁴ Fiscal notes are prepared by the State of Maine, Office of Fiscal and Program Review.

¹⁵ These complexities include, among other things, a lack of comparable data between Maine and New Brunswick, Canada. In addition, at present there is limited information about the quality of the proposed facility and gaming experience, which would influence its ability to attract patrons from outside the region and encourage repeat visitation.

¹⁶ The proposed racino would likely have a positive impact on restaurant and lodging sales in the Calais area. A study on the effects of Hollywood Slots in Bangor found that a one-dollar increase in monthly gaming revenue is associated with a \$0.29 and \$0.12 increase in sales at Bangor-area restaurants and hotels, respectively (Gabe 2007).

¹⁷ The Commission Report of the National Gambling Impact Study suggests that the economic impacts of casinos are particularly "powerful in economically depressed communities where opportunities for economic development are scarce" (National Gambling Impact Study Commission, p 7-6)

percent earned between \$10 and \$25 million. Nationwide, the tribal gaming industry appears to be characterized by a few large operations (21 facilities generated \$250 million or more in revenue in 2005) and a larger number of small casinos (155 operations earned less than \$10 million in 2005).

To conclude, the analysis presented in this report suggests that the proposed slot machine facility in Calais, Maine, could generate an estimated \$11.9 million to \$13.0 million in slot machine revenues. Some of this would be new money to the region, and the rest would be money that would have been spent in the region on other goods and services. Our results are intended to be one piece of information, considered along with other economic and non-economic issues, used to determine whether an expansion of slot machine gaming is “good” or “bad” for the state of Maine.

6. REFERENCES

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Table 1. States with Slot Machines *

Alabama	Montana
Alaska	Nebraska
Arizona	Nevada
California	New Jersey
Colorado	New Mexico
Connecticut	New York
Delaware	North Carolina
Florida	North Dakota
Idaho	Oklahoma
Illinois	Oregon
Indiana	Pennsylvania
Iowa	Rhode Island
Kansas	South Dakota
Louisiana	Texas
Maine	Washington
Michigan	West Virginia
Minnesota	Wisconsin
Mississippi	Wyoming
Missouri	

Source: American Gaming Association (2007)

* The term “slot machine” is used to encompass all forms of legalized electronic gaming devices.

Table 2. Density of Slot Machines in US States *

State	Slot Machines	Adult Population	Slots per 1,000 Adults
Nevada	203,742	1,641,239	124.1
Montana	18,886	676,322	27.9
South Dakota	13,309	542,875	24.5
Mississippi	43,750	2,014,904	21.7
West Virginia	19,546	1,356,653	14.4
Louisiana	43,538	3,135,155	13.9
New Mexico	16,128	1,322,680	12.2
Delaware	6,337	600,993	10.5
Oklahoma	20,523	2,498,495	8.2
Iowa	16,466	2,138,412	7.7
New Jersey	42,378	6,223,990	6.8
Pennsylvania	60,000	9,061,349	6.6
North Dakota	2,939	462,555	6.4
Oregon	16,110	2,592,033	6.2
Minnesota	20,726	3,633,108	5.7
Rhode Island	4,303	788,612	5.5
Connecticut	13,183	2,531,697	5.2
Colorado	16,591	3,226,789	5.1
Missouri	17,701	4,117,515	4.3
Wisconsin	16,856	3,954,654	4.3
Indiana	18,072	4,366,234	4.1
Idaho	3,650	953,679	3.8
Washington	14,534	4,445,746	3.3
Michigan	23,144	7,152,079	3.2
Arizona	11,496	3,951,948	2.9
California	56,053	24,756,139	2.3
Kansas	2,774	1,923,664	1.4
Illinois	9,900	8,935,228	1.1
Florida	13,840	12,729,875	1.1
New York	13,435	13,872,500	1.0
North Carolina	3,300	6,067,829	0.5
Total (excluding Nevada)	579,468	140,033,712	4.1

Source: Cummings Associates (2005)

* The term “slot machine” is used to encompass all forms of legalized electronic gaming devices.

Table 3. Estimated Revenue per Slot Machine in Selected US States *

State	Slot Machines **	Annual Revenue ***	Revenue per Slot Machine
Illinois	9,888	\$1,690,205,814	\$170,935
Connecticut	13,292	\$1,710,106,445	\$128,657
Indiana	18,170	\$2,062,106,710	\$113,490
Delaware	6,337	\$651,730,000	\$102,845
Rhode Island	4,303	\$406,500,000	\$94,469
New York	5,078	\$423,760,000	\$83,450
Maine	475	\$37,517,118	\$78,983
Louisiana	4,427	\$349,577,898	\$78,965
Missouri	17,733	\$1,395,926,068	\$78,719
Iowa	14,303	\$1,042,294,191	\$72,872
Mississippi	31,997	\$2,176,173,732	\$68,012
Oregon	11,105	\$732,888,437	\$65,996
New Mexico	16,128	\$890,013,914	\$55,184
West Virginia	19,546	\$975,990,000	\$49,933
Colorado	17,078	\$782,098,818	\$45,796
South Dakota	3,172	\$77,359,659	\$24,388
Montana	18,420	\$378,827,999	\$20,566
Total	211,452	\$15,783,076,803	\$74,641
Total, excluding IL, CT, SD and MT	166,680	\$11,926,576,886	\$71,554

Sources: American Gaming Association (2007), Cummings Associates (2005), state gaming commissions / control boards, casino websites.

* The term “slot machine” is used to encompass all forms of legalized electronic gaming devices.

** The slot machine counts may differ from the figures shown in Table 2 because of changes in the numbers of slot machines over time. In some cases, the machine count may be substantially lower than the figure provided in Table 2 because information is only available for a portion of the slot machines (e.g., commercial casinos, racinos) operating in the state.

*** The revenue estimates and slot machine counts are generally from 2005 or 2006, the most recent year for which information is available.

Table 4. Slot Machine Revenue per Visitor in Selected US States *

State	Casino	Visitors	Slot Machine Revenue	Revenue per Visitor
Indiana	Argosy	3,878,576	\$390,632,986	\$100.72
	Belterra	1,909,606	\$136,790,128	\$71.63
	Blue Chip	3,116,008	\$233,205,548	\$74.84
	Caesar's	3,469,787	\$261,302,433	\$75.31
	Casino Aztar	1,539,804	\$106,723,723	\$69.31
	Grand Victoria	1,875,360	\$133,781,583	\$71.34
	Horseshoe	4,198,416	\$327,474,091	\$78.00
	Majestic Star I	1,688,890	\$119,629,761	\$70.83
	Majestic Star II	1,688,890	\$107,774,895	\$63.81
	Resorts	3,694,776	\$244,791,562	\$66.25
	Subtotal	27,060,113	\$2,062,106,710	\$76.20
Illinois	All Combined	16,180,360	\$1,690,205,814	\$104.46
Iowa	Prairie Meadows	2,784,542	\$161,225,003	\$57.90
	Horseshoe	2,678,723	\$139,948,543	\$52.24
	Dubuque Greyhound Park	1,425,140	\$63,064,845	\$44.25
	Isle of Capri, Marquette	592,579	\$39,385,164	\$66.46
	Diamond Jo	895,952	\$42,688,862	\$47.65
	Mississippi Belle II	462,233	\$25,183,506	\$54.48
	Catfish Bend	565,242	\$27,678,631	\$48.97
	Argosy	1,165,616	\$48,701,603	\$41.78
	Terrible's Lakeside	1,032,399	\$50,325,428	\$48.75
	Wild Rose	84,015	\$2,495,591	\$29.70
	Rhythm City	1,355,165	\$74,117,205	\$54.69
	Isle of Capri, Bettendorf	1,612,809	\$89,252,165	\$55.34
	Ameristar	3,164,942	\$163,719,868	\$51.73
	Harrah's	2,160,841	\$99,256,268	\$45.93
	Diamond Jo, Worth	335,656	\$15,251,508	\$45.44
	Subtotal	20,315,854	\$1,042,294,190	\$51.30

Table is continued on the following page.

Table 4. Slot Machine Revenue per Visitor in Selected US States, Continued

State	Casino	Visitors	Slot Machine Revenue	Revenue per Visitor
Louisiana	Delta Downs	1,647,856	\$142,112,519	\$86.24
	Harrah's LA Downs	1,932,550	\$100,000,352	\$51.75
	Evangeline Downs	2,640,124	\$107,465,027	\$40.70
	Subtotal	6,220,530	\$349,577,898	\$56.20
Missouri	President	1,486,971	\$63,449,672	\$42.67
	Ameristar, St Charles	4,497,906	\$279,973,003	\$62.25
	Argosy	2,169,479	\$134,425,001	\$61.96
	St. Jo Frontier	566,297	\$29,984,905	\$52.95
	Harrah's, North Kansas City	3,397,630	\$173,905,961	\$51.18
	Aztar	401,130	\$24,175,935	\$60.27
	Isle of Capri, Kansas City	1,975,510	\$84,065,588	\$42.55
	Ameristar, Kansas City	4,082,305	\$229,699,505	\$56.27
	Harrah's, Maryland Heights	4,336,210	\$275,878,604	\$63.62
	Isle of Capri, Boonville	1,129,068	\$70,447,893	\$62.39
	Mark Twain	601,314	\$29,920,001	\$49.76
	Subtotal	24,643,820	\$1,395,926,068	\$56.64
	Total	94,420,677	\$6,540,110,680	\$69.27

Sources: State gaming commissions / control boards.

* The term "slot machine" is used to encompass all forms of legalized electronic gaming devices.

Table 5. Estimated Market Potential of Maine Gaming Industry: State Residents and Tourists

Method I	
Maine resident adults (1,000s)	958.14
x	
Slots per 1,000 adults	4.1
x	
Estimated revenue per slot machine	\$71,554
=	
Estimated market potential, Method I	\$281,090,873
Method II	
Maine resident adults	958,141
x	
Percentage that visit casinos	26 percent
x	
Visits per year	6.6
=	
Estimated number of visits by Maine residents	1,644,170
Out-of-State visitors to Maine	15,300,000
Percentage that visit casinos on vacation	13 percent
Estimated number of visits by Maine tourists	1,989,000
Estimated number of visits by Maine residents and tourists	3,633,170
x	
Average slot machine revenue per visitor	\$69.27
Estimated market potential, Method II	\$251,669,686

Sources: American Gaming Association (2007), Longwoods International (2005), author's calculations

Table 6. Economic Summary Areas Located within Two and One-half Hours of Calais *

Economic Summary Area	Hospitality. Sales, 2006 **	Time to Calais ***	Time to Bangor ***	Gravity Weighted Sales to Calais
Calais	9,207	0	NA	9,207
Eastport	3,167	46	NA	3,167
Machias	8,231	65	118	5,307
Jonesport	4,081	99	129	2,309
Lincoln	8,480	105	53	2,845
Ellsworth	47,243	113	41	12,578
Houlton	12,075	116	117	6,063
Winterport	5,780	135	26	933
Blue Hill	13,814	136	61	4,277
Millinocket	9,145	138	79	3,329
Pittsfield	7,435	150	40	1,565
Bar Harbor	118,107	150	78	40,405
			Total	91,986
Total Maine	2,443,719		% Total Maine	3.76%

Sources: Maine Revenue Services, www.mapquest.com and author's calculations.

* This excludes the Bangor and Bangor Suburban Economic Summary Areas, which are located approximately two hours from Calais. We assume that local residents and visitors to the Bangor area would patronize Hollywood Slots.

** Hospitality sales, measured in \$1,000s, are total taxable retail sales at restaurants and lodging establishments.

*** Measured in minutes of driving time.

Table 7. Estimated Market Potential of Calais Racino: Maine Residents, Tourists and Residents of Charlotte County, New Brunswick

Maine Residents and Tourists	
Estimated market potential, Method I	\$281,090,873
% captured by Calais Racino	3.76%
	\$10,569,016
Estimated market potential, Method II	\$251,669,686
% captured by Calais Racino	3.76%
	\$9,462,780
Charlotte County, NB Residents	
Charlotte County resident adults	20,550
x	
Percentage that visit casinos	26 percent
x	
Visits per year	6.6
=	
Estimated number of visits by Charlotte County residents	35,264
x	
Average slot machine revenue per visitor	\$69.27
=	
Estimated Market Potential, Charlotte County, NB	\$2,442,737
Estimated Market Potential of Calais Racino	\$11,905,517
	to
	\$13,011,753